

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
FIRST SET OF INFORMATION REQUESTS FROM THE D.T.E.  
D.T.E. 04-57

Date: August 20, 2004

Witness Responsible: Joseph A. Ferro

- DTE 1-16: Please refer to Exh. BSG-4.
- (a) Describe the engineering methods, if any, that Bay State uses to determine the energy savings from its DSM programs.
  - (b) Does Bay State use energy auditing vendors to determine the energy savings associated with the Company's DSM programs? Provide a list of any such vendors and explain how they were selected.
  - (c) Explain the method used by the energy auditing vendors to calculate the energy savings associated with the Company's DSM programs.
  - (d) Has there been an independent or third-party evaluation of the methods used by the energy auditing vendors to calculate the energy savings associated with the Company's DSM programs regarding the accuracy and reliability of these methods.

RESPONSE:

- (a) Bay State does not self determine the engineering methods to determine that establish the energy savings levels that result from its DSM programs. Bay State has engaged Honeywell DMC for this purpose. See DTE 1-16 (b) for BSG's role in the employment of engineering methods by third parties.
- (b) Bay State's Residential DSM administrative liaison and energy auditor determines the energy savings associated with that program. That entity is Honeywell DMC, headquartered at 28 Main Street North Easton, Massachusetts.

Bay State's Small/Medium Commercial & Industrial ("C&I") and Multifamily administrative liaison and energy auditor determines the energy savings associated with those programs. That entity is RISE Engineering headquartered at 1341 Elmwood Avenue, Cranston, Rhode Island.

Bay State uses internal resources to manage the Company's Large C&I DSM program, incorporating energy savings calculated and determined by the independent engineering firms associated with the specific large C&I projects. The Company also avails itself of the calculated energy savings as determined by the manufacturers

of highly specialized process equipment and heat transfer applications.

The Residential DSM program vendor is selected through an RFP process conducted by the Company; the last RFP was conducted in 2002.

The C&I and Multifamily DSM program vendor was awarded a contract to perform administrative and energy auditing vendor services in late 2000. RISE was selected through a rapid, limited source solicitation process because of the need to rapidly replace a non-performing vendor. RISE was awarded these services in prior trials.

- (c) The residential vendor uses trained and Energy Conservation Services ("ECS") certified field auditors to visit each home participating in the program and record observations of existing conditions (area, structure type, number of occupants, building shell type, existing insulation, etc). The field auditor also identifies potential energy efficiency upgrades that would result in lower gas consumption in the home. The field auditor enters this information into DOER-approved software that calculates the energy savings potential for each energy efficiency upgrade.

Additional residential energy savings are reported by the Company for high efficiency water and space heating equipment installed by residential customers as part of the Company's Market Transformation Initiatives. The Company uses prescriptive energy savings estimates as determined in independent studies performed by Arthur D. Little and GDS Associates. These studies were conducted in support of the statewide GasNetworks® collaborative and incorporated into the Company's currently DTE-approved three-year energy efficiency program.

The Small C&I/Multifamily DSM vendor uses experienced field auditors to visit each participating location in the program and record observations of existing conditions (area, structure type, number of occupants, building shell type, insulation, operating hours, occupancy schedules, etc). The field auditor also identifies potential energy efficiency upgrades that would result in lower gas consumption. At the conclusion of the energy audit, the auditor discusses the identified opportunities to save energy with the customer/owner. If the customer/owner indicates an interest in pursuing some or all of the identified energy-saving measures, the auditor will generate a computer model of the building to estimate potential energy savings.

- (c) In D.P.U. 95-117, the Company submitted for review Monitoring and Evaluation Studies related to the delivery of its Residential Energy Efficiency Programs. These studies, "Process Evaluation of the Bay State Gas Company Residential DSM 'Partners in Energy' Program" and "Impact Evaluation of Residential Partners in Energy Program" were conducted and written by Hagler Bailly Consulting, Inc of Boston, MA in November 1995 and Xenergy Inc. of Burlington, MA in October 1995 respectively. On January 5, 1996, the Department held a technical session where the results of the Impact Evaluation were presented to Department Staff. The Department approved D.P.U. 95-117, including the Process and Impact studies on January 31, 1996.

In D.P.U. 96-98, the Company submitted for review Monitoring and Evaluation Studies related to the delivery of its C&I/Multifamily Energy Efficiency Programs. These studies, "Process Evaluation of the Bay State Gas Company Multifamily, Commercial and Industrial 'Partners in Energy' Program" and "Impact Evaluation of Multifamily, Commercial and Industrial Partners in Energy Program" were conducted and co-written by Hagler Bailly Consulting, Inc of Boston, MA and RLW Analytics, Inc. of Middletown, CT in April 1996 and Zebedee & Associates of Rancho Santa Fe, CA in August 1996 respectively. The Department approved D.P.U. 96-98, including the Process and Impact studies on August 6, 1997.

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DTE 1-17: Please refer to Exh. BSG-4. Explain how the Company accounted for energy savings realized by customers other than those savings attributed to Bay State's DSM program in the calculation of net energy savings.

RESPONSE: The Company's calculation of net energy savings only includes energy savings that are attributable to Bay State's DSM program. The Company has not attempted to account for energy savings that may be realized by customers from other sources, such as customer-initiated conservation efforts, home shows, or through Company-sponsored conservation education appearing in bill inserts and the like.

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- DTE 1-18: Please refer to Exh. BSG-4. Provide any available assessment of the Company's Residential, Multi-Family and C&I DSM programs with regard to the following since the inception of Bay State's DSM program:
- (a) overall customer satisfaction and customer complaints;
  - (b) bill savings;
  - (c) improved customer operations;
  - (d) lowered maintenance costs.

RESPONSE:

- (a) The Company continuously monitors customer satisfaction through a variety of tracking mechanisms and responds to and monitors any complaints as they occur.

In support of the Residential DSM program, each participant who receives an energy audit is provided with a customer satisfaction survey that can be mailed back to the Company for review and tracking. This survey allows the Company's DSM department to follow-up with customers as issues are identified. In addition, at least 20% of all customers that install "major measures" receive a post installation inspection by a qualified third party. During the post installation inspection, the customer is encouraged to provide feedback about all aspects of the work performed in the home as well as their overall experience with the Program. Additionally, 5% of all high efficiency heating equipment installed by independent contractors at customer's locations and as part of the GasNetworks rebate program receive a post installation inspection.

In support of the Multifamily, Commercial & Industrial DSM program, 100% of all installations receive a post installation inspection either by the Administrative and Auditing vendor, or by a representative of the Company's DSM staff. During this inspection, the customer is encouraged to provide feedback about all aspects of the work performed in the building as well as their overall experience with the Program.

Finally, informal contact is made on a random basis by the Company's DSM department staff with various past participants to determine overall customer satisfaction.

In the event of a complaint regarding any aspect of a customer's DSM program participation, the Company opens a tracking file that is maintained by the DSM staff. All files are addressed on a case-by-case basis until resolution of the complaint is reached.

- (b) In D.P.U. 95-117, the Company submitted for review Monitoring and Evaluation Studies related to the delivery of its Residential Energy Efficiency Programs. These studies, "Process Evaluation of the Bay State Gas Company Residential DSM 'Partners in Energy' Program" and "Impact Evaluation of Residential Partners in Energy Program" were conducted and written by Hagler Bailly Consulting, Inc of Boston, MA in November 1995 and Xenergy Inc. of Burlington, MA in October 1995 respectively.

In D.P.U. 96-98, the Company submitted for review Monitoring and Evaluation Studies related to the delivery of its C&I/Multifamily Energy Efficiency Programs. These studies, "Process Evaluation of the Bay State Gas Company Multifamily, Commercial and Industrial 'Partners in Energy' Program" and "Impact Evaluation of Multifamily, Commercial and Industrial Partners in Energy Program" were conducted and co-written by Hagler Bailly Consulting, Inc of Boston, MA and RLW Analytics, Inc. of Middletown, CT in April 1996 and Zebedee & Associates of Rancho Santa Fe, CA in August 1996 respectively.

Since that time, the Company has participated in regional studies performed by various vendors and related to the effectiveness of statewide GasNetworks rebate programs.

- (c) See response DTE 1-18(b).  
(a) See response DTE 1-18(b).

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DTE 1-19: Please refer to Exh. BSG-4. Discuss whether there have been any problems with the proper installation and maintenance of the Company's DSM measures to date and the steps that the Company has taken to address these problems. How will any such problems affect the energy savings estimates presented in this Filing?

RESPONSE: Please see response to DTE 1-18(b). The relative number of problems is de minimis with respect to the overall achievement of the Program(s). The effect of these minimal problems is negligible and would have no effect on overall energy savings estimates presented in this filing.

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DTE 1-20: Please refer to Exh. BSG-4. Discuss whether the Company has conducted, or intends to conduct, a full-blown or limited (i.e., based on a small representative sample of customers) energy and bill savings analyses for its Residential, Multi-Family and C&I DSM programs to validate the energy savings estimates and the assumptions behind the estimates.

RESPONSE: Please see the response to DTE 1-18(b).